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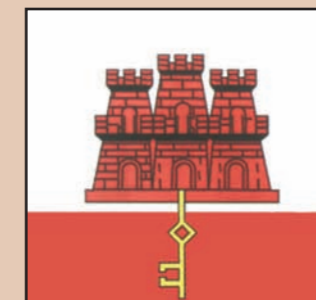
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## EDITORIAL COMMENT

### Pre-election: progress being made

There's a great air of expectancy with a Gibraltar general election looming within the next few weeks. The new airport terminal will open shortly before the hustings begin – at least that's the plan if it's not still further delayed. Work on two new hotels gets under way early next year and also the lack of speculatively built, modern open-plan office space looks to be resolved – at least for the immediate future – with the start of work on the World Trade Centre building next year, after agreements have been signed with Ocean Village.

And the Government is saved from defending its threatened pump priming financial intervention to solve the lack of office space for financial service businesses seeking to relocate to the jurisdiction.

Anyone might think Christmas had come early! Certainly it is all very conveniently, if finely timed for Chief Minister Peter Caruana to add these developments to a list of achievements during his 15-year tenure.

But for the second successive time, this election looks as though it might be a close-run thing with Opinion Polls sampling the 33,000 voters to show first the ruling Gibraltar Social Democrats (GSD) with a narrow lead, then the alliance between the Gibraltar Socialist Labour Party (GSLP) and Liberals taking most seats.

And whilst domestic social issues like housing, medical services and unemployment command greatest interest amongst voters, surprisingly for a relatively new parliamentary system, democracy (or the perceived lack of it) and government public accountability appear high on the agenda.

What is not to the fore at this pre-Manifesto stage is any real debate or proposals that will affect the finance centre or business generally, for that matter. There are rumblings about unnecessary spending on capital projects – the new terminal that quadruples the space, is too expensive, too big or the existing one could have been upgraded; and work has still to start on Gibraltar's largest capital project, the £100m new electricity generating plant, which many regard as a higher priority than any other project.

More worryingly, there are some signs that Gibraltar's finance centre may face some issues. The motor insurance sector warning that suggests businesses may be severely undercapitalised to meet EU solvency rules coming into force in 2014, is of some concern, as is the admission by Caruana at the Gibraltar Day celebrations in London that the territory's finance sector could be facing tough times ahead with continuing European economic problems.

His bid therefore to gain more City of London business for the jurisdiction now that Gibraltar has moved to become onshore European rather than offshore tax haven – except in the eye of Spain that continues to retain the negative connotation for wider political reasons – is timely.

But whilst he emphasises that Gibraltar does not want to be seen as 'predatory', his plus points for the jurisdiction – including its sound, growing economy and the government's finance centre friendly approach – are made against a background of just the opposite situation in the UK and much of the rest of Europe!

*Ray Spencer*



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# Pushing for new City business

Gibraltar has upped its game in trying to win business from the City of London on the back of a “remarkably strong, successful and resilient economy”, based on firm but flexible regulation, low corporate tax, reducing personal tax and investment in education, writes *Ray Spencer*.

Chief Minister, Peter Caruana told 370 guests at the twelfth Gibraltar Day Finance Centre lunch, held in the City of London, that he was not a salesman, but he was “looking for business partners that share with us our core principles” – education of young people to secure the territory’s economic future and protection of Gibraltar’s reputation.

As he explained: “One of our vital economic resources is the way people think of us. We don’t have raw materials, we don’t have land resources - we don’t have any of the things that other countries rely on for their economic cache.”

But Gibraltar offered an economically and fiscally successful, stable base, and was a well regulated location, Caruana said, and he challenged: “You will be hard-pressed to find many territories that share some of these things, but I don’t think you will find a single one that has all of them and that’s our remarkable offering”.

However, Gibraltar was not intent on poaching business from the City. Caruana said: “This is not a predatory attempt to steal business from the City, but to come and work in partnership.”

If business is to be relocated from London, then Gibraltar wants to show why it is the

place of choice for that move.

“We regulate to EU and UK standards, if not higher - but without gold plating. It is not our job to make business undoable or unprofitable, but it is our job to allow financial services to be done reputably, profitably and properly.”

## Fiscal success

Gibraltar had completed a 15-year journey to transform itself from offshore tax haven to an international financial services jurisdiction within the EU. It had done so by removing offshore zero tax company status and reducing onshore company taxes so that all companies now paid just 10 per cent tax. The policy had proved a fiscal success, he declared.

“On the basis of the first half year take - from companies paying on account half of what they think the full year commitment will be - we have increased our yield in Corporation Tax by just over 30 per cent”, Caruana revealed.

The new rate of Corporate Tax appealed to companies that were “no longer interested in being in countries where there is no tax; it is much more reputable to pay some tax, albeit not too much”!

Gibraltar’s “extraordinarily healthy economy” was made possible by fiscal prudence and fiscal health. “It is not a matter of one year ‘yes’ and two years

‘no’; it has to be consistent”, he maintained.

“We don’t make revenue and spending decisions on the basis of projected economic growth that may or may not materialize as some countries are discovering when their revenue doesn’t materialize and their expenditure turns out to be excessive. We spend only what we know we are going to collect and therefore what we can afford”, he emphasised.

The economy had tripled in size to £1bn in the last 15 years; it grew last year by 6.5 per cent and this year it will be “a minimum of 5 per cent in spite of what is going on in the world around us”, Caruana maintained.

Repeatedly, Gibraltar had produced budget surpluses of slightly higher than 3 per cent of Gross Domestic Product (GDP), and enjoyed “a remarkably low level of public debt at 25 per cent of GDP - critically, we never borrow money for recurrent expenditure”.

Employment was still rising and was now 60 per cent higher than in 1996.

## Partner of choice

“We want the City of London to see us as their partner of choice, rather than as some predator sniffing around to see how we can benefit”, Caruana told his audience of 370 – the largest number than at any

previous Finance Centre lunch – adding: “It helps to have a government that understands and engages with financial services and that does not seek to blame the financial services community for all the woes of today.”

Gibraltar valued the financial services industry and recognized the job opportunities it creates; it was a place where the government does not feel the compulsion (like in so many other European countries) to treat financial services poorly.”

But whilst not attempting to steal work from the City of London, he pointedly noted: “In Gibraltar you will be insulated from some of the vitriol to which you are exposed here in the United Kingdom.”

Gibraltar is a small, international finance centre and London remained the world’s premier financial centre, so Caruana was “seeking to make the City of London understand that in Gibraltar it has, not just a political partner, but also an economic partner; a finance centre that has the same ideological position as the City on a global perspective and it is in Europe.”

## Reputation protected

“If there is business to be relocated from the City of London for organizational or other reasons, then Gibraltar is an ideal choice”, he maintained, and it was “a much better place to relocate than some other, more wide-flung foreign jurisdiction”.

Ultimately what reputable businesses were looking for when relocating, Caruana asserted, was “a country which attaches as much importance to its reputation, as they attach to their own corporate reputations”.

Personal taxation previously was too high and acted as

*Continued page 16*



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## Modernised Experienced Investor Funds Regime Ready for the Future

by Adrian Hogg, Director, Grant Thornton, Gibraltar Group of Companies

On 5 August 2005 with the introduction of the Financial Services (Experienced Investor Funds) Regulations, 2005 (EIF Regulations) Gibraltar laid the foundation for an extremely versatile way of setting up a fund within the European Union.

Experienced investor funds are designed for High Net Worth or experienced investors. The EIF Regulations define experienced investors as those investors whose normal business activity includes investment related activity, those who have a net worth in excess of €1 million (excluding principal private residence) or those who invest a minimum of €100,000 in an experienced investor fund.

Marketing of experienced investor funds must be restricted to investors who are deemed to be “experienced investors”. Experienced investor funds must have at least two Gibraltar resident directors who are pre-approved by the Financial Services Commission (FSC) to act as directors of experienced investor funds, a Gibraltar licensed fund administrator and a depositary. The fund’s investments can be managed by an investment manager or the funds can be “self-managed” by the directors of the fund (i.e. without the need of an appointed investment manager).

The EIF Regulations require that the fund’s investment activities be stated in the fund’s offering document. Disclosure is required in respect of a fund’s investment objective and strategies including its approach to borrowing and gearing, and any applicable investment or borrowing restrictions. It does not, however, provide guidance as to how the investment activities of the fund should be set, nor what type of activity the fund may undertake. This leads to an extremely flexible product whereby funds may be open or closed-ended, have varying investment objectives and strategies, gearing and restrictions. Experienced investor funds are, as such, used in respect of a diverse investment spectrum from traditional “trading” funds (trading in equities, bonds, foreign exchange, commodities, derivatives and such like) to property funds, private equity funds and special situation funds.

### PCC’s

A further facet of the flexibility of experienced investor funds is that they may, in accordance

with the Protected Cell Companies Act 2001 (PCC Act), be established as a protected cell company. In accordance with the PCC Act a protected cell company may create one or more cells for the purpose of protecting and segregating cellular assets from non-cellular assets and keep each cell separate and separately identifiable from other cells. Protected cell companies can be used to create multi-cell funds or “umbrella funds”.

With such versatility and flexibility the regime has grown from its inception during August 2005 to current date with in region of 200 funds (if the cells of the experienced investor funds that have been established as protected cell companies are taken into consideration).

Building on the momentum of recent years the Gibraltar Funds & Investments Association (GFIA) along with the FSC and the Finance Centre has undertaken an exercise to modernise the experienced investor funds regime. Such modernisation is needed in order to keep pace with the requirements of the modern world and to ensure that Gibraltar has relevant legislation in order to meet such needs.

### AFIMD

The European Parliament adopted the Alternative Investment Fund Managers Directive (AFIMD or the Directive) on 11 November 2010. AFIMD contains new rules on the marketing of alternative investment funds in the EU by both European and non-European managers, it also lays down rules for the marketing of those funds to professional investors within the EU. On the 1 July 2011 the Directive was published in the Official Journal of the European Union. Much uncertainty surrounded the Directive as it evolved considerably over the past 18 months prior to its adoption. However, now that consensus has been reached, the alternative investment fund community can prepare for its implementation in 2013 in earnest. At time of print, most funds marketed in the EU are domiciled outside of the EU (in jurisdictions such as the Cayman Islands and the British Virgin Islands).

For those that market funds in the EU AFIMD provides the quandary of whether or not to keep the fund in a domicile outside of the EU, re-domicile existing funds to the EU or to create funds afresh in the EU. Re-domiciliation is often the method of choice as

it should be a seamless transition without triggering a taxable event and it allows established managers to maintain their track record. Gibraltar is one of the EU Finance Centres that has many of the characteristics of traditional offshore fund centres, including tax neutrality, no restrictions on investments or leverage and speed to market.

### Finalised amendments

The soon to be finalised amendments to the EIF Regulations (Amended EIF Regulations) fully addresses the re-domiciliation quandary as the Amended EIF Regulations introduces a new classification of experienced investor, whereby those participants of a fund that has re-domiciled to Gibraltar, where the Authority has permitted the inclusion of such participants either in respect of a specific fund or generally in respect of a category of funds will be deemed to be experienced investors.

This new category of experienced investor is required due to the potential mismatch between the minimum investment amount of an experienced investor fund and that of a foreign jurisdiction. The soon to come into force new category of “re-domiciliation” experienced investor addresses this problem and removes one of the major barriers to re-domiciliation.

In further support of the modernisation and increased flexibility of the regime, is that the Amended EIF Regulations will permit administrators of experienced investor funds to be located outside of Gibraltar. In the current regime, as set out above, experienced investor funds must appoint a Gibraltar licensed fund administrator. Many perceive that the current regime, limiting the administration of an experienced investor fund to Gibraltar licensed fund administrators, is a limiting factor to Gibraltar’s growth as a fund’s domicile. Removing this restriction via the Amended EIF Regulations will provide Gibraltar with a further platform of opportunity to grow.

Other factors in the modernisation of the regime, include additional disclosure requirements for fund’s offering document and clearer definitions as to the roles and requirements of the fund’s depositary, which all serve to modernise the regime and make it relevant and fit for purpose for the coming years.

It is widely expected that AFIMD will create a fundamental change in the international funds industry, whereby funds that are marketed in the EU are domiciled in the EU. Gibraltar, with the modernisation of its experienced investor funds regime, is ready for the change.

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# Capital 'cliffhanger' overshadows business gains

More motor insurance business is now written by Gibraltar-based firms than by Lloyd's of London! And the local insurers are significantly more profitable than their UK counterparts. That's the good news, finds *Ray Spencer*, but most of Gibraltar's motor insurers may have a looming problem ahead.

New EU rules – Solvency II – require insurance companies to have greater capital and risk management standards by 2014 and “the majority of Gibraltar's motor insurers are currently undercapitalised to meet the new requirements,” believes Ian Clark, a London partner specialising in insurance for Deloitte, the international accountant!

He thinks these firms “may have to significantly increase the amount of capital in their businesses – if they want to continue trading the same volume of business in two year's time – or reduce the volume of business they are writing.”

As Clark put it: “Something's got to give”. The Gibraltar firms, he suggested, could also turn more to use of reinsurers to alleviate their capital strain.

At two Gibraltar industry presentations in October, Clark emphasised the implication: “Gibraltar is standing on a cliff edge; it has to do something, the status quo is not enough.”

That depressing view however, was in sharp contrast to his assessment of the present situation.

The jurisdiction's motor business accounted for £1.5bn (around 10 per cent and growing) of the UK motor insurance market last year; in 2009 it stood at £1.2bn, with a 9 per cent share.

## More profitable

“Gibraltar motor insurers are more profitable than those in the UK by some margin”, he reported, given a lower expense base and more profitable underwriting.

“In an industry that is losing money, many of the Gibraltar insurers are making money, as well as writing to a better claims loss ratio than the UK insurers,” Clark said.

And he noted: “All in all, it's very good news for the Gibraltar market.”

Admiral Insurance, which writes most of its UK business in Gibraltar since moving to the jurisdiction in 2002, is credited with being the star performer both by Deloitte and by fellow accountancy firm, Ernst & Young (E&Y), which made the Gibraltar comparison with Lloyds in its summer motor insurance briefing.

## Fresh interest

A 10 per cent growth in UK motor business has come about, because insurance premiums have risen significantly (45% in the past year according to E&Y, although it may now be peaking). And that's sparked fresh interest from investors.

BTG Pactual, the largest Brazilian investment bank, plans initially to write UK motor insurance in a new joint underwriting venture with Premier Group, a client of Quest Group in Gibraltar.

Quest gained 50 per cent more clients last year, and managing director, Steve Quinn, expects “further significant growth” – around a third more – in the next 12 months. “We are seeing well-known names in the global insurance industry viewing Gibraltar as a viable jurisdiction in which to establish operations”, he said.

Earlier this year, through Quest, the New York Stock exchange listed company, Transatlantic Re-insurance, set up Calpe Insurance Company, to specialise in co-insurance and spreading risk for primary insurers.

Quinn says he's working on three other prospects – all listed on NASDAQ and offering a mix of UK personal lines insurance.

“Some global players now feel comfortable with Gibraltar's offering. It's a good place to operate with easy access to

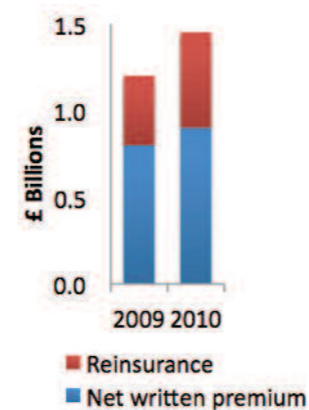
support services and the Regulator, so it's an attractive choice within the EU, he maintains.

“With the advent of the 10 per cent Corporation Tax rate for all business, there is now tax certainty, which has only assisted in making that Gibraltar decision.”

Insurers may pay even less tax as they are allowed to exclude interest on income arising from insurance premiums in their tax calculations!

Most new business has come from UK representative offices in London – the City is still the key source of new opportunities.

**Gibraltar Motor  
Gross & Net Written Premiums**



Source: Deloitte London

Some jurisdictions such as Guernsey (where there are a large number of insurance captives) have decided not to go for Solvency II equivalence, and large companies are now said to be considering the need to move to an EU base.

According to Gibraltar's Bruno Callaghan, local director for Willis Insurance, which manages ten multinational insurers, some being captives: “By virtue of the worldwide economic situation, almost everything is on hold.

“However we are working on a number of insurance prospects – one from beyond Europe that is quite large – that we expect to come to fruition early next year.”

Callaghan added: “The new 10 per cent Corporation Tax for all Gibraltar

*Continued page 18*

## Barclays Wealth provides a passionate offering with clients' best interests at heart

What makes for a successful proposition? This is the age-old question which business people have been striving to answer for years, and Carlos Garcia, who leads the Barclays Wealth Gibraltar Intermediaries offering believes he has the answer. The Gibraltar Intermediaries proposition combines a range of individuals who bring diverse skills and experiences with exceptional teamwork in order to best serve clients, thereby creating a vibrant workplace which attracts talented employees who have a passion to deliver.

The good news for Carlos, is that those involved in the revamped Intermediaries offering have these valuable qualities in abundance. Collectively, there is over 100 years of banking experience, with nine languages spoken by individuals from all over the globe, making for an exciting and dynamic group who are more than capable of meeting the needs of this important client segment.

Speaking about how this offering has evolved, Carlos said: “Over the last three years we have invested significantly in our systems and in our people, having recruited talent from a wide cross-section to ensure clients and their individual banking needs are fully supported. We have been looking critically at what we have been doing and who we have been doing it with, focusing on our existing key clients and providing an important gateway to the Barclays group.”

In these uncertain economic times, it is important to provide clients with not only a strong bank, but with an equally robust and trusted product and with the right professionals to deliver it. Barclays Wealth Gibraltar can support and guide clients proactively in these difficult times.

With a motto of ‘passion to deliver’ members of Barclays Wealth Gibraltar Team have self belief in what they are doing and a shared vision of where they are heading. Clients who access the intermediaries proposition will find they benefit from a vast range of knowledge and expertise thanks to the experienced professionals on board whose backgrounds range from intermediary markets and insurance to property and small business management.

Barclays Wealth is the wealth management division of Barclays and operates through Barclays Bank PLC and its subsidiaries. Barclays Bank PLC. Registered in England. Authorised and regulated by the Financial Services Authority. Registered number: 1026167. Registered office: 1 Churchill Place, London E14 5HP. Authorised by the Gibraltar Financial Services Commission to conduct banking and investment business in Gibraltar.



Barclays Wealth Gibraltar Intermediaries

When Carlos joined Barclays Wealth seven years ago, he already had thirteen years of banking experience under his belt, meaning he brought a wealth of knowledge and expertise to the role, and he is not the only one.

Barclays Wealth is a globally recognised and well established brand and as such is an attractive prospect for experienced professionals, meaning that many individuals in the company have careers which have spanned more than 30 years.

In fact, a quick calculation reveals that there is over 100 years of banking experience within the proposition, and this is clearly good news for clients!

## But how does one attract such an accomplished group of individuals in the first place?

Carlos says: “Throughout my previous career, I have seen that Barclays is one of few employers which truly invests in their staff, making sure they are fully supported, fully trained and are reaching their potential. The process starts at the recruitment stage, which is rigorous.” The Barclays brand is a big draw for potential employees and once on board, they benefit from continued training which focuses on their professional and personal development.

“It means clients are served by people who care about their needs and those of professional intermediaries. We serve to be a consultative partner in the relationship rather than a mere traded commodity.

There are more changes on the way as we continue to assess this important segment, looking at how to best serve our client base, continuing to support the finance centre and focusing on those businesses where there is meaningful substance in their activity, brass plating is a thing of the past. We look to offer a multi-jurisdictional proposition.”

# Protect your Assets and Confidentiality: Corporate Structures and Trusts in Gibraltar

By Mark Jason Bridge B.Juris; LL.B; LL.M Director and General Manager at Europa Trust Company Limited (Gibraltar)

Gibraltar is a popular financial destination for an eclectic mix of international executives, authors, sportsmen, corporations, individuals, families and many others, who want to achieve their financial and business objectives while guarding their assets and legitimate confidentiality. They understand the importance of tax & succession planning and protecting their assets from unexpected events.

Gibraltar is self-governing through its democratically elected parliament, however, under its Constitution matters of defence and foreign relations are the responsibility of the United Kingdom.

The jurisdiction has established itself as a prosperous financial centre over the last 40 years. Benefiting from a stable and growing economy and a favourable tax regime, its political stability, robust commercial and professional infrastructure contribute to its attractiveness as a financial jurisdiction.

The client demographic covers all four corners of the globe and their business and investment interests are likewise spread across the globe, managed from Gibraltar. The Jurisdiction is able to offer bespoke company and fiduciary services at competitive professional rates.

## Legal System

The legal system is based on English Common Law with some local statute law variations. As part of the European Union, Gibraltar provides easy access to the EU financial markets and as such is subject to its directives and regulations.

In December 2007, new anti-money laundering and counter-terrorist funding regulations were implemented.

These are monitored by the Financial Services Commission (FSC).

## Taxation

On 1 January 2011, a new era unfolded for Gibraltar. New Fiscal legislation took effect that includes exceptional tax statuses for High Net-Worth Individuals and High Executives Possessing Specialist Skills. A new low corporation tax rate of 10%

applies across the board on income accrued in or derived from Gibraltar.

The Organisation of Economic Corporation and Development's (OECD) crackdown has been generally positive for Gibraltar. At the end of 2009, Gibraltar signed the required twelfth Tax Information Exchange Agreement (TIEA), which resulted in it being elevated to the OECD 's "White List". Gibraltar is now seen as a "safe-haven", allowing clients to achieve their financial and business objectives while guarding their assets and legitimate confidentiality.

So far 17 TIEAs have been signed and the Government has indicated a willingness to sign a TIEA with any country wishing to sign one.

The signing of the TIEAs, together with the new fiscal legislation, has elevated Gibraltar to being a serious and competitive European Financial Centre.

The TIEAs have enhanced Gibraltar as a cooperative and responsible jurisdiction, fully committed to international standards, removing the "tax-haven" stigma.

## Services

The most popular products or services offered by Gibraltar are Trust & Company formation and management (ie Special Purpose Vehicles – SPVs), banking, insurance and reinsurance, captives, fund management and fund administration, investment services, experienced investor funds, e-gaming and maritime services.

In recent years, there has been a particular focus on experienced investor funds and e-gaming. New Islamic products, e-gaming and hedge funds are likely to play a more important role in future.

Corporate structures play an important role in financial planning for private individuals and corporate clients, particularly in the minimisation of tax liabilities, confidential ownership and the protection of assets. They can have a variety of uses and benefits:

- Investment and property holding
- Ship and yacht ownership
- General and specific trading or consultancy

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Trusts, on the other hand, are an effective way of transferring wealth from one generation to another. The essence of a trust is to separate asset ownership from control. This approach safeguards the assets and their intended purpose. Assets included in a trust can take many forms including cash, real estate, securities and patents.

There are many reasons for setting up a trust or a foundation and some of them include:

- Efficient wealth transfer to dependents
- Tax minimisation
- Asset protection
- Wealth and estate planning
- Charitable purposes
- Means of controlling and administering property
- Avoidance of will disputes

The jurisdiction also offers marine services. In addition to the services provided by the modern port, vessels can be registered under the British flag in Gibraltar and enjoy privileges afforded by such registration.

## Advantages as a Finance Centre

Gibraltar is part of the European Union and yet within close proximity to Africa. It is a low tax jurisdiction; VAT Free, no Capital Gains, Estate Duty, Wealth, Inheritance, Gift or other capital taxes It has an International airport; excellent road and sea links into Europe and Africa.

Trust and Company Managers must be authorised and regulated by the Financial Services Commission (FSC). These managers are listed on the FSC's website <http://www.fsc.gi>. Trust and Company Managers may voluntarily join the Association of Trust Company Managers (ATCOM).

The jurisdiction is not seen by authorities or business counterparts as some "exotic" island in the middle of a vast ocean serving as a convenient jurisdiction for tax avoidance. It is a responsible, progressive and competitive financial centre with a stable government, established infrastructure and British legal system. Gibraltar provides a tax efficient financial gateway into the European Union.



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# A healthy option

Tim Mutton, business development director at Now Health International discusses international private medical insurance and the important benefits it can bring to expat employees and High Net Worth residents in Gibraltar

As a regular business visitor to Gibraltar, I confess that life on the Rock often makes me envious. Gibraltarians seems to have it all: a splendid location, with easy access to Spain and North Africa, a wonderful climate, friendly, welcoming people and, of course, the generous tax system that attracts many financial companies and wealthy individuals.

And the local healthcare system is strong too. The Gibraltar Health Authority (GHA) – equivalent to the UK's NHS – invests heavily in the peninsula's health care infrastructure. According to Bruno Callaghan, managing director of Callaghan's, one of Gibraltar's largest brokers, the GHA invests around £90m a year into the system. "That works out at around £3,000 per head of population," he says. "And if you compare that, for example, to the £1,200 per capita in the Kent/Tunbridge Wells area of the UK, you get a feel for the strength of medical provision here."

Nevertheless, even for local Gibraltarians, this provision can have limitations. Just as in the UK, they have to face inevitable waiting lists and they are not able to choose their consultant. For specialist care a consultant may need to be brought in to meet a specific need or patients are taken to facilities in mainland Europe or the UK, but again waiting times and a lack of choice can make the arrangement far from ideal.

## Expats

The situation for expatriates is even more precarious. Some groups – such as non-permanent employees on contracts – only qualify for emergency services and have no access to specialist treatment at all.

"To have private medical insurance is a must for any expat, for peace of mind and reassurance," says Angela Barden, Private Medical Sales Manager at Ibox Insurance, an expat insurance specialist in

the Iberian Peninsula. Angela maintains that it's critical for expats, in particular, to have private medical insurance, she says: "the majority of our expat clients in Gibraltar who have private medical insurance do so mainly for the same reasons as they would have in their native country, additional access to specialist doctors, quick diagnosis, extra cover for the unexpected, as well as vital cover for spouses and other family dependents, particularly where serious surgical intervention is required."

## International health insurance cover

One of the options for overseas employees, retired expats and wealthier Gibraltarians alike – who may wish to refine or enhance their healthcare choices – is to take out international health insurance cover. These plans typically provide cover for a variety of health-related eventualities or top-up protection for you and your family, and are particularly effective if you:

- travel regularly with your job, especially to less developed countries
- want to choose where to be treated – for example, with family back in the UK, you may feel more comfortable undergoing specialist treatment there
- want to have access to a specialist clinic for a specific course of treatment or following a medical emergency
- decide to live abroad for a period and want a flexible medical plan
- maintain and use a number of homes in different countries
- or are concerned about the restricted medical facilities in the country where you are living.

Demand for international health insurance is increasing in Gibraltar, according to one of the leading advisers, Geoffrey Trew, MD of brokers, Quest Sovereign Insurance Services who says: "Gibraltar is attracting increasing num-



bers of businesses from the UK and the rest of Europe and their employees expect relocation packages and benefits that include giving them and their families the most comprehensive healthcare insurance protection available in the market."

Plans can differ substantially in terms of levels of cover provided but it's possible to take out a top-tier plan and pay less by agreeing to higher excesses (the amount you contribute with each claim for treatment).

"Typically individual clients go for excesses of around £100 to bring down the cost," says Dawn Mchard, director of Totus Wealth Management. "We find this is a particularly attractive route for 'category 2' status individuals, i.e. those with £2 million plus in assets, a property on the Rock and who earn their money outside Gibraltar. These clients generally want more medical protection across the board." For corporate clients, however, 'nil excess' is usually the favoured route.

Of course, choosing the right plan is always easier said than done but there are plenty of good brokers and advisers based in Gibraltar who can offer a variety of IPMI options to suit your choices.

Health care, particularly if your family is involved, should never be left to chance. In Gibraltar, what you decide to do must come down to a very personal choice and talking to a good adviser on the ground will ensure that you find the right solution and don't make costly mistakes.

([www.now-health.com](http://www.now-health.com))



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## NEWS

Continued from page 6

a disincentive to those wanting to establish business in Gibraltar, he conceded.

But now the top personal rate for senior and other executives has fallen from 50 per cent, to a top rate of 28 per cent, “but the highest effective rate is actually 24.99 per cent and only when you have an income exceeding £300,000, after which it declines down to 5 per cent”.

Last year, Caruana began the more aggressive sales pitch on Gibraltar’s strengths that needed to be repeated this year to ensure the message was getting through to City finance specialists.

However, later at the Gibraltar Day evening Guildhall reception, Caruana told an audience of 1,100 that as a small country, having ridden out the financial dangers of the last three years, “we (the

City and Gibraltar) are particularly threatened and challenged by future pressures.

I think we face difficult times again while European leaders come to terms with the effect of the present financial problem”.

And the Lord Mayor’s representative, Sheriff Alan Yarrow concurred, saying: “There are challenges for the City of London – not just the City but for everyone.

We have faced these challenges before. But he

added: “We are confident in our culture, integrity and probity and that’s what the City and Gibraltar offer to the world.

This event celebrates the partnership in the quality of services that we offer.”

## Airport and offices are adding to the appeal

Two major developments are set to enhance Gibraltar’s Finance Centre appeal – a new airport terminal that will shortly quadruple previous capacity, and a major speculatively built office complex in a World Trade Centre (WTC) that is to progress next year.

The terminal, already twice delayed from an original March opening through problems with a Spanish building contractor, is expected to be inaugurated in November. Peter Caruana, Chief Minister, told his City audience in mid-October that it would be operational “in a matter of weeks”.

And in an exclusive statement on the availability of new office space, he separately told *Gibraltar International* that “negotiations with a developer have successfully been concluded.

Caruana added: “This agreement will avoid the need for the Government of Gibraltar to be [financially] involved in office development” as had been threatened if more office development did not start soon to help financial services expansion.

Although not confirmed by WTC developer Ocean Village, *Gibraltar International* understands that the 17,000 m2 project is now to go ahead.

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## INSURANCE

Continued from page 10

companies has not prompted any previously tax exempt insurance business to take flight from the jurisdiction; indeed 10 per cent has become the benchmark for Europe, because everyone accepts that tax has to be paid wherever a business is based in the world."

Robus Risk Services is being formed as an insurance management company to launch at end 2011 and will have the currently self-managed Gibraltar-based motor insurer, First Central, as its opening client at Ocean Village offices.

### Tax agreements

With one eye on Malta's strong bid for insurance business, Chris Johnson, the Gibraltar Insurance Association chairman, along with other finance centre sectors, says there is a need for introduction of Double Taxation Agreements (DTAs) to assist Gibraltar's international attraction.

As Johnson says: "There was a time when some in Gibraltar opposed DTAs on the grounds of client confidentiality, but today with the advent of Tax Information Exchange Agreements, just about everyone

accepts that everything is much more open and disclosure is the way of the world."

Some in the wider Finance Centre believe the UK government "is more inclined" to accept Gibraltar piggybacking on UK DTAs as part of negotiations with individual countries on a case-by-case basis. Others however, believe that

approach may have undesired long-term effects, and in any case, the cost-benefit case for DTAs has not been fully made.

There are now 63 licenced insurers of all types operating in Gibraltar, including 15 captives, mostly being managed by the seven insurance managers registered in the jurisdiction

## Duo top Kilimanjaro for charity

Drawing on business experience of team playing and support, 48 years old Liz Quinn, Quest Group financial director, and finance manager / client account handler, Kerry Peters (46) walked to the top of Kilimanjaro, Africa's highest mountain, to raise £23,400 for Cancer Relief and other local charities.

With four to 13 hours marching each day through tropical forest, open moorland and alpine desert, the intrepid insurance pair took seven days with a UK group of 19 to cover 77 kms and reach the 5,895 metres-high peak, where the breathable oxygen is less than half the amount common at sea level.

Quest staff helped raise money through dress-down days and breakfasts, while friends and clients pitched in with donations too. Training for the pair, included walks up Gibraltar's 423-metre high Mediterranean Steps – "on the last day we walked three times that much, so it was nowhere near as strenuous and didn't involve camping", says Quinn. Peters, who always wanted to walk the Himalayas believes that as with business "it's always good to challenge yourself". Now the women are planning a charity 5-day husky sledging trip to Norway, with the full support of Quest Managing Director, Steve Quinn.



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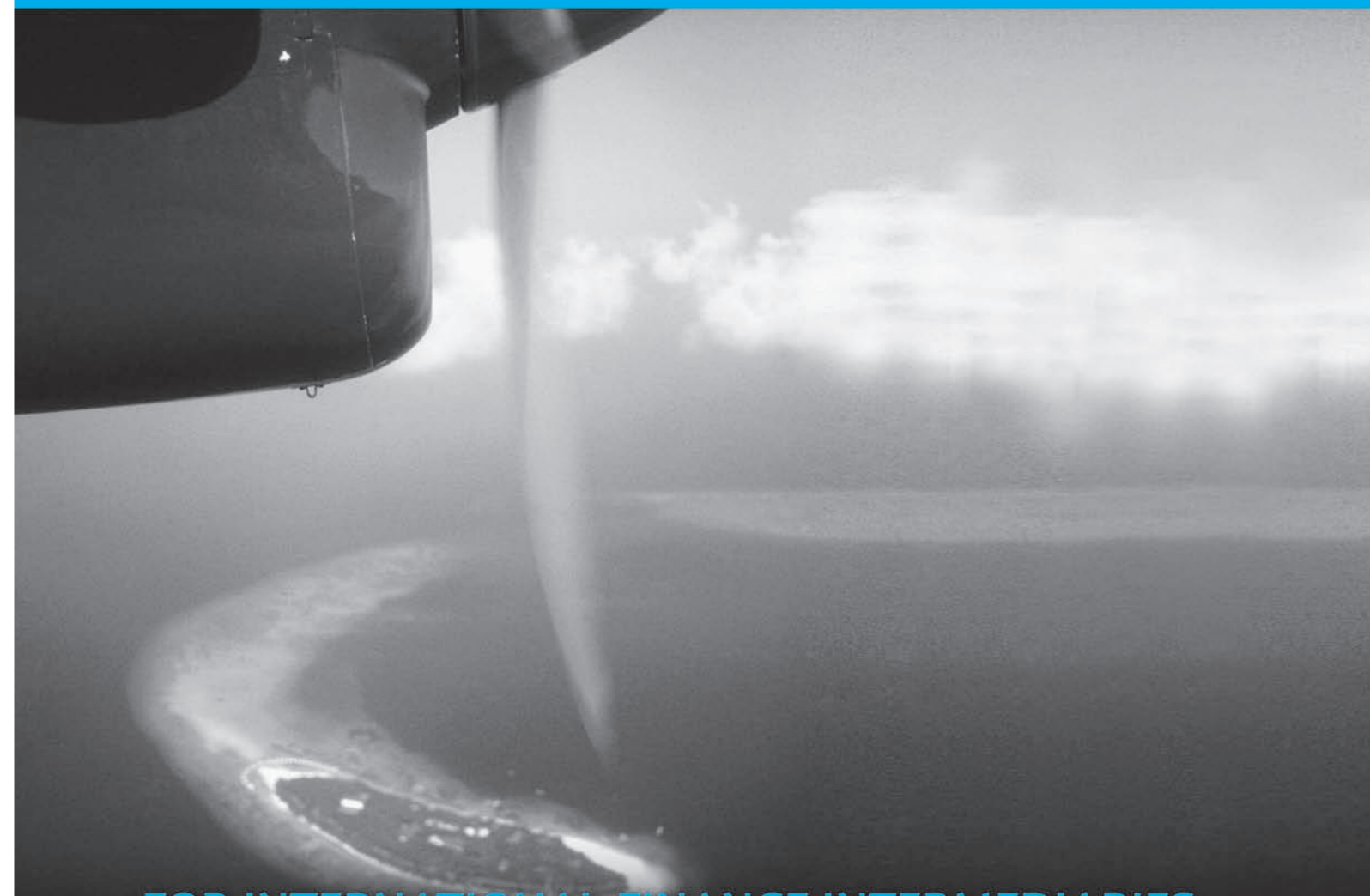
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## Euro exchange rate to reach 1.30 – but not for another 15 years!

“Overall, we believe Sterling/Euro exchange rate should be around the 1:1.30 level; over the next five years it will move towards 1.20”, declared Dr Andrew McLaughlin, Royal Bank of Scotland Group’s chief economist when he visited Gibraltar in October. He gave an insight to how Sterling/Euro exchange rates may play out at a Chamber of Commerce presentation on the UK and Eurozone economies and the impact locally on Euro exchange rates, as *Ray Spencer* discovered.

In Dr McLaughlin’s opinion the present exchange rate (around 1:1.14 or less) undervalues Sterling and he explored ways of viewing how currency ‘fair value’ might be measured. Examining it on a purchasing power / parity basis, it came out at 1:1.30, while another more technical measure to reflect UK / Euroland trade flow, pointed to a lower 1:1.20 level!

Viewing the exchange rate over a long run average,

produced a 1:1.35 result, (some 20 per cent higher), but his ‘best guess’ was not before 2016. However, he told *Gibraltar International*: “Much rests on the UK government dealing with the public finances, and debt levels continuing to reduce rather than rise.

“This position is in contrast with the Euro Zone; particularly in whether it has the ability to achieve a political resolution. But the experience

from the last few years says otherwise.”

He said: “I’ve been speaking to Gibraltar clients about what is happening economically in the wider Euro Zone – many individuals and businesses have a keen interest in the Euro area where they have financial and material investments.”

Noting that worldwide “this is no ordinary recovery”, Dr McLaughlin demonstrated that while typically UK GDP



Dr Andrew McLaughlin

would have recovered after 18 months or so of recession, this time it remained significantly lower.

GDP was now climbing slowly – something that RBS expects to continue until back

*Continued page 22*

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*Continued from page 20*

to its former level in a little under 3 year's time. Spain's recovery path to its pre-recession level is expected to almost mirror that of the UK, and thereafter to continue with only moderate growth.

The nature of recovery however, was determined by the extent to which recession destroyed capacity; hence the need for growth, and the success of that policy. Highly leveraged countries were seeking growth, while creditors were looking to control inflation, Dr McLaughlin asserted.

Exchange rates were an important factor in determining the recovery path, he pointed out.

Sterling's depreciation, which began in early 2007, was influenced by weak demand and financial stress; Northern Rock nationalised, UK entered recession, RBS and Lloyds

were recapitalised and the UK budget deficit was 10.3% of GDP early last year.

The position was further influenced by the cut in UK interest rates – from 5 to 0.5 per cent in just six months – and the Bank of England's £200m Quantitative Easing programme.

But depreciation can rebound and in Dr McLaughlin's opinion, "Eurozone countries are unable to competitively depreciate".

There is an economic paradox in Europe, he noted. In the 17 EU countries, overall "the current account is in balance, net debt to GDP is lower, growth rate is satisfactory, and inflation is under control". But when disaggregated, areas of the EU are vulnerable – such as Greece, and a cause for concern in Spain.

"Any solution has to be agreed by all countries, but given

the economic situation, it is a very difficult time to get solutions through", he observed. Without political union there would be more instability.

We had seen "the terrible effect of debt grown over time in the past 10 years – in Germany and France (a stability and growth pact) was too strict... had everyone followed the rules, we would not be in the mess that we are now", he maintained.

The world's market "is trying to see if there is some political will to solve the issue or not; to stop the Euro dying", Dr McLaughlin observed.

On the part banks had played in the worldwide economic meltdown, he candidly revealed: "In my view, the world problem is rooted in the economic imbalance between countries and regions – macro economic forces have been in play. It would have helped if they [the banks] could have

managed the situation better than they did!"

The political zeitgeist pre-economic collapse in UK, Europe and the US was aimed at lending as much as possible, almost regardless of risk, particularly to encourage home ownership. "Many banks were unable to step aside and see what else was happening in the economy", he said.

Within Gibraltar, he was pleased to see that "the economy is growing steadily, with a financial performance and statistics on a scale that most of the rest of the world would envy".

However, the general economic situation, in addition to higher borrowing costs, may also mean banks' appetite for lending on Gibraltar residential property is reduced. He warned: "I believe we are near the maximum the regulators will accept for property in this market."



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**IN TOUCH WITH YOU**

## £50m hotel boost by 2014 – more to come

Now that an agreement has been reached to renovate the iconic 4-star Rock Hotel and the Lester Hotel has resolved its financing issues the two major Gibraltar hotel projects costing around £50m in total will go ahead with completion expected by 2014. But a proposed Hilton Hotel is still unsecured, *Ray Spencer* reveals.

The decision by Bland Group International (BGI) late in September, ends more than two year's speculation on whether it would improve the existing Rock Hotel, demolish it and rebuild as part of a larger project, or relocate to a new site.

All 104 of the hotel's sea-facing rooms, restaurant and catering facilities in the 79 years old building (the work of the Marquis of Bute) are to be upgraded, and a new gymnasium and 'wellness' spa

added, in work that should start later this year.

"When you consider the history of the Rock Hotel, the brand itself and its reputation, there was an overwhelming business case to stay put", said John Perez, BGI chairman.

Although the £25m airport budget Lester hotel is around 6 months behind schedule "due to funding delays", that issue is now being finalised, Simon Lester, Group Chairman told me.

Building starts in early

2012, with the hotel opening two years later having 150 bedrooms and suites, 12 executive boardrooms, a gym, bistro, bar and business centre.

Interestingly, Lester added: "We have secured firm interest from Holiday Inn and The Hilton Group should we wish to proceed with either of them on branding the hotel."

However, another Hilton Hotel project - a £45m, 200-bed, 5-star hotel at the former Royal Gibraltar Yacht

Club site – by developer Squarestone has suffered funding delays of more than a year.

A spokesman refused to comment on the continuing lack of progress.

In the meantime, BGI's Perez remarked: "Much of the Rock Hotel's progress depends on the success of the new airport terminal, which demonstrates Gibraltar is fit for purpose, and marketing of the destination to business and tourists."

The Hotel is one of four main activities for BGI, the international (non-UK) arm of Bland Group, which also owned GB Airways before its £103m sale to easyJet in 2007.

BGI has also just secured renewal of its airport handling contract for up to 14 flights a day for the next seven years in a competitive bid through GibAir, which has fulfilled the role since 1947.

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## BUSINESS

### Legal Year Opens in Gibraltar - 2011

Chairman of the Gibraltar Bar Council and senior partner at Hassans International Law Firm, David Dumas QC delivered his address to the Supreme Court in September. It was part of the ceremonial opening of the Legal Year for 2011.

Present at the proceedings were a number of distinguished guests including the Governor, Sir Adrian Johns, the Minister for Justice, Daniel Feetham, himself previously a partner at Hassans, and the Leader of the Opposition, Fabian Picardo, still a partner at Hassans.



David Dumas QC

David is a respected litigator. He graduated from Exeter College, Oxford University and read for the Bar Finals at the Inns of Court School of Law in London. He was called to the Bars of England & Wales and Gibraltar, in 1981.

David joined Hassans in 1981, becoming a partner in 1987, and was appointed Queen's Counsel in 2002. [www.gibraltarlaw.com](http://www.gibraltarlaw.com)

### PWC Appointment

PricewaterhouseCoopers Limited (PwC) have promoted Kristian Menez to the position of Director.

Kristian joined the firm in October 2003 after training and qualifying as a Chartered Accountant in the UK.

Colin Vaughan, Senior Partner of PwC Gibraltar said

he was pleased to welcome Kristian onto the Board of Directors, after having mentored and evidenced his rapid progression within the firm.

Barry Pillans, Assurance Leader, said that Kristian is hard working and highly technical.

Kristian joins a team of over 110 highly qualified professionals. [www.pwc.gi](http://www.pwc.gi)

### Commonwealth Regulatory Workshop Trinidad

Marcus Killick, Chief Executive Officer of the Gibraltar Financial Services Commission, has recently



L to R - Colin Vaughan, Kristian Menez and Barry Pillans

### ...meanwhile at the Kenyan Insurance Regulatory Authority...

The Deputy Chief Executive Officer of the Financial Services Commission, David Parody, visited Mombasa, Kenya, where he delivered a workshop for the Board of the Kenyan Insurance Regulatory Authority (KIRA) funded by the KIRA itself.

The workshop aimed to

Secretariat in assisting regulatory development in a number of Commonwealth countries.

a Member of the House of Lords.

In September 2011, Parliament called for him to be conferred with the Honorary Freedom of the City of Gibraltar and also the Gibraltar Medallion of Honour.

He has supported successive Chief Ministers of Gibraltar and maintains strong links with the Jewish Community in Gibraltar.

He was educated at St Paul's School in London, and later attended Trinity Hall, Cambridge, where he was President of the Cambridge Union and Chairman of the Cambridge Union Labour Club. He was also President of Trinity Hall's Athletic Club.

He then went on to obtain a Fulbright and Smith-Mundt scholarship to Harvard Law School.

He was called to the bar in 1954 and was appointed Queen's Counsel in 1971.

He was President of the Board of Deputies of British Jews from 1978 to 1984, and has been a key international figure in efforts to seek compensation and restitution for Holocaust victims.

### UK's Computacenter opens in Gibraltar

UK Based Computacenter, one of Europe's leading providers of IT infrastructure services, has opened an office in Gibraltar.



Founded in 1981, Computacenter has over 10,000 employees across Europe with a £2.7bn annual turnover and supporting over 2000 customers.

Marc Fryer, Computacenter's Client Director

*Continued page 28*

# Business ROUND UP

returned from the Commonwealth Secretariat "Commonwealth Regulatory Workshop" in Trinidad.

He was invited by the Secretariat to address the workshop on the Governance of International Regulation with a paper entitled, "The Financial Crisis - Impacts for regulators of small jurisdictions".

Other speakers at the event included the Governors of the Central Bank of Trinidad and Tobago and the Central Bank of Barbados, as well as representatives from the Financial Stability Board, OECD, World Bank and FATE.

The presentation was part of the Commission's work with the Commonwealth

identify the strategic objectives for the KIRA as part of strengthening the Corporate Governance of the Authority in line with the Kenyan Government's requirements for greater accountability of the public sector.

The FSC is keen to share it's own experiences and practices as part of it's continued regulatory cooperation with fellow regulators across the world.

### Freedom of the City to Lord Janner

Lord Greville Janner has been a friend to the people of Gibraltar throughout his time in public life in the UK, both as a Member of the House of Commons and most recently as

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AN OASIS...



## IN A BUSY WORLD

### BEDROOMS

104 Bedrooms and suites in a colonial style all with a sea view

### CONFERENCE FACILITIES

Full upgraded conference facilities available for board meetings, training courses and presentations

### INTERNET

FREE Wireless broadband available throughout the hotel and an internet room for our guests to use

### WEDDINGS

The Rock is an ideal wedding venue whether it be a small intimate wedding or large family gathering. We are also a recognised venue for civil marriages and ceremonies can now be conducted in various parts of the hotel

### SWIMMING POOL

Outdoor swimming pool with pool side bar and pool side menu. We welcome private pool membership, our lido club, with private pool hire for parties and barbecues

### RESTAURANT

The restaurant has stunning views over the bay. Our "house" menu is excellent value for three courses including an aperitif Manzanilla, olives and coffee. A full à la carte menu along with a superb eclectic wine list is also available

### WISTERIA TERRACE

The Wisteria Terrace for lunches, dinner, barbecues, afternoon teas, evening drinks and informal dining

### BARBARY BAR

Barbary Bar and terrace for a relaxing drink and for the wine buff, a choice of nine wines by the glass

### LOUNGES

Take a good old fashioned English tea in one of the spacious lounges



Europa Road, Gibraltar  
Tel: +350 200 73000  
Fax: +350 200 73513  
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[www.rockhotelgibraltar.com](http://www.rockhotelgibraltar.com)

## BUSINESS

*Continued from page 26*

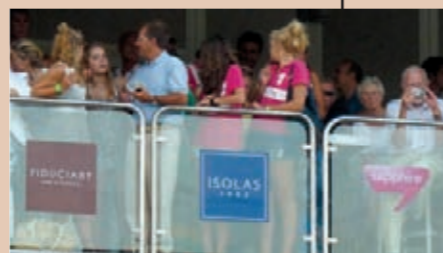
for the Corporate & eGaming Sector says, "Gibraltar continues to attract the best in class gaming companies across the world. We have invested in Gibraltar to offer the support these companies need and deserve. Computacenter is a respected and pan European IT Infrastructure Services and Solutions provider with a history of dealing with some of the largest public and private organisations globally."

The launch event began with an eGaming Seminar hosted by Marc Fryer with key executives from Cisco, EMC and VMware in attendance.

[www.computacenter.com](http://www.computacenter.com)

### Sapphire Bronze Cup

"The 40th BMW International Polo Tournament organised by Santa Maria Polo Club this summer attracted an 'A' list of international sponsors and followers. Gibraltar's Sapphire Networks lined up alongside Isolas, Fiduciary and Europort to sponsor The Bronze Cup - which was won this year by Las Monjitas. The Sapphire Networks own Polo team is also becoming a regular name on the polo calendar. Earlier this year, in only their second



Spectators at the polo event

season, they won the prestigious XXXII Memorial José Ignacio Domecq, which is ranked in the World Polo Tour for the Challenge Cup category."

[www.sapphire.gi](http://www.sapphire.gi)

### Fiduciary Management Appoints New MD

Fiduciary Management Limited, the Gibraltar based financial services provider, has appointed Steve Grainger as Managing Director.

Steve worked for 20 years in The Cayman Islands, The Bahamas, Channel Islands and Bermuda with an emphasis on the management and delivery of quality service to Ultra High Net Worth individuals. Steve will lead and manage the very experienced Company



Steve Grainger

Management, Trust, Marine Services and Fund Administration teams within Fiduciary.

[www.fiduciarygroup.com](http://www.fiduciarygroup.com)

### InvestGibraltar Becomes SFEDI Centre of Excellence

The InvestGibraltar Office, Gibraltar's one stop shop for business, has become the first Small Firms Enterprise Development Initiative (SFEDI) Centre of Excellence to be approved outside of England, Ireland and Wales.

SFEDI is the Government recognised UK Standards Setting Body for Business Support and Business Enterprise. Run by entrepreneurs for entrepreneurs,

SFEDI researches leading practice, sets standards, principles and guidelines.

Jenny Pears, Business Development Manager for SFEDI says, "Becoming SFEDI accredited

proves to your clients that you have achieved a nationally recognised standard of excellence in advising businesses".

[www.investgibraltar.gov.gi](http://www.investgibraltar.gov.gi)

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**[www.hillinsurance.eu](http://www.hillinsurance.eu)**

### HILL INSURANCE COMPANY LIMITED

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Ocean Village - Gibraltar  
Tel/Fax +350 200 62407

## CONTACTS

### Professional Bodies based in Gibraltar

#### Association of Pension Fund Administrators (APFA)

Steven Knight, Chairman, Tel: + (350) 200 40466

Email: steven.knight@castletrustgroup.com

#### Association of Trust & Company Managers (ATCOM)

Marc X. Ellul, Chairman, Tel: + (350) 200 70921

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#### Bar Council

David Dumas, Chairman, Tel: + (350) 200 59026 / 79075

Email: barcouncil@gibtelecom.net david.dumas@hassans.gi

#### Gibraltar Association of Compliance Officers (GACO)

Ivan Perez, Chairman, Tel: + (350) 200 73520

Email: communications@gaco.gi

#### Gibraltar Bankers' Association (GBA)

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#### Gibraltar Betting & Gaming Association (GBGA)

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#### Gibraltar Chamber of Commerce (GCC)

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Adrian Hogg, Chairman, Tel: + (350) 200 45502

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#### Gibraltar Insurance Association (GIA)

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#### Gibraltar Society of Accountants (GSA)

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Email: freddie.white@gi.gt.com

#### Society of Trust & Estate Practitioners (STEP)

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#### Gibraltar HR Forum

Ruth Halsall, Chair, Tel: + (350) 200 43865

Email: hrforumgib@gmail.com

**14 On the Quay Restaurant**



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